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INTELLIGENCE MEMORANDUM

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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INTELLIGENCE MEMORANDUM

SUBJECT: The Egyptian Government Crisis

The resignation of Prime Minister Hilali Pasha on 28 June marks the exodus of a moderate, independent leader who failed to cope with the Anglo-Egyptian dispute and with the country's serious domestic problems. The immediate cause of the fall of the Hilali cabinet, however, was palace intrigues similar to those which brought about the downfall of Ali Maher Pasha four months ago. There is little hope, therefore, that the new Prime Minister, Sirry Pasha, will achieve political stability in Egypt or strengthen his country's ties with the West.

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[REDACTED] Opposition to Hilali also came from the Wafd Party, which was forced from power after last January's riots in Cairo. One of Hilali's objectives when he took the premiership was to break the power of the Wafd in retaliation for his removal from party leadership in the fall of 1951. He secured the dismissal of the Wafd-dominated parliament and began to investigate the corruption of some of the former Wafd cabinet members.

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[REDACTED] it is also evident that the former Prime Minister was glad to leave "with honor" before the King could dismiss him for failure to reach an agreement with the British.

Since Hilali had no popular support, he desperately needed a favorable settlement of the Anglo-Egyptian dispute to strengthen his position. His efforts to achieve this support failed, however, when he was unable to bridge the gap between the Egyptian and British viewpoints on the question of the recognition of Farouk as "King of Egypt and the Sudan." The Anglo-Egyptian talks in London several weeks ago accomplished nothing, and the recent Egyptian-Sudanese conversations in Alexandria met with no apparent success.

While Prime Minister Sirry Pasha is another moderate independent with a long career in public office and is friendly toward Britain, he is faced with obstacles as formidable as his predecessor's. Sirry will be under constant pressure to achieve Egypt's extreme demands on the Suez Canal area and the Sudan. Domestically, he inherits the

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problems of government corruption, high cost of living, and a deteriorating economic situation.



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Sirry's cabinet is regarded as an interim government. Linked as it is to palace intrigue without any assurance of progress on the Anglo-Egyptian question, the new cabinet appears to bring the Wafd's return to power one step closer. There are, however, forces in Egypt which might try to promote as future prime ministers less well-known, but more efficient, independents.

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